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January 30, 2019

Chairman Rob Olson
Senate Financial Institutions and Insurance Committee
Kansas Capitol
300 SW 10th Street
Topeka, KS 66612

RE: SB 32

Chairman Olson,

Please accept our thanks for your willingness to allow KFB members to share their experience in obtaining affordable health coverage for their families, and for time in your schedule to share our vision for alternatives to the marketplace offerings in Kansas today.

Given the tone of opponents attacking the creditability and capacity of the organization, we felt compelled to offer rebuttal to many of their claims.

Robust Plan Offerings: While not completely developed, our intended offerings for coverages **would include most of the Essential Health Benefits** such as laboratory and emergency services, maternity and newborn care, pediatric services, rehabilitative services, preventive care and wellness care, and hospitalization. Plans will be available with **no lifetime limits**. Again, the target audience for this health care benefit is not every individual in Kansas; rather, we aim to provide a **viable, competitive option**

Accusation KFB will cherry pick healthy lives from the marketplace: The reality is that **healthy lives are leaving the marketplace and will continue to do so** due to the unwillingness of current providers to offer innovative and affordable solutions, create competition and embrace alternative delivery systems that can reduce cost. **Had current providers taken the initiative to address affordability and access, KFB would not seek the authorities in SB 32.** Market analysis KFB has undertaken shows that up to 42,000 KFB members may seek to participate in our member health care benefit, which equates to 1.5% of all Kansans.

It's unfair to say no: KFB member health care benefit coverage plans will use the tools of underwriting and not guarantee issue products to control costs and protect the financial soundness of the plan. **Pre-existing conditions may result in refusal of coverage or,**

due to underwriting, may offer coverage at higher premiums to cover the condition. We will not cancel coverage once a contract has been issued. Participants would only lose coverage for a lack of payment of membership dues or premiums or if they voluntarily left the plan. Our proposal offers much needed competition to the health coverage market while allowing those needing guaranteed issue products to continue to shop the ACA exchange.

Plans will disrupt the marketplace: We believe this is a marketplace **in need of disruption** because it is **not working for Kansans**. Regardless, this claim is unfounded. KFB's market analysis indicates that our **likely market share is 1.5% of Kansans or 42,000 covered** lives out of a population of 2.8 Million. Participants are already leaving the marketplace due to ever increasing premiums (176% individual, 216% family over the last 10 years). 1.5% will have little impact on the health of current pools because participants are likely already not participating; 8% of Kansans are uninsured, using self-insurance or health sharing ministries. Regardless, **we will continue to support the marketplace by paying taxes to allow subsidies for the least healthy among us.**

Additionally, in nearly every instance KFB conferees referenced cancellation or denial of coverage – a serious disruption in their family and financial situations and an impediment to expanding the farm business – current market participants, specifically Blue Cross Blue Shield of Kansas, were the carriers cancelling coverage.

KFB believes that competition will enhance the marketplace and could result in reduced premiums for all. In the most recent enrollment period in Tennessee the **number of covered lives increased and premiums for both ACA and non-compliant plans decreased** due to the existence of alternatives or competition. (Tennessee Farm Bureau has offered coverage similar to that contemplated by KFB for over 70 years).

Thanks to the Trump administration, states are being encouraged to develop innovative state-based models to address the failure of the current ACA marketplace. In many cases those plans are being offered in partnership with the opponents to SB 32:

Iowa Farm Bureau, in partnership with **Wellmark (their version of BCBS)** is offering non-compliant coverage to its members in the same fashion contemplated by SB 32.

Blue Cross of Idaho was recently denied permission by CMS to develop a plan due to the lack of state-based exemptions contained in SB 32.

Nebraska Farm Bureau is in the first year of a partnership with **Medica** to offer AHP/MEWA coverage to its members.

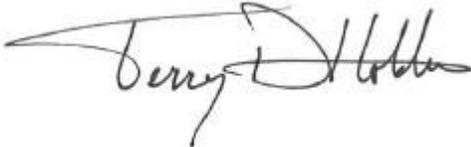
Tennessee Farm Bureau has offered health plans for over 70 years through both fully insured and self-insured models.

What is fair about forcing Kansans to purchase a product they cannot afford under the guise of 'coverage' that has been unreliable? We believe in helping our friends and neighbors and paying taxes to support those in need. We will continue to do this. **Our members who directly elect our leaders and provide the governance for our organization have asked for affordable options.**

The hearing on SB 32 was about the **future of Kansas**. Young families making a conscious choice to return to the farm; to raise their children and build a bright future for our great state. Please don't burden them because corporate entities want to maintain their usurious and burdensome plans. This is still America where **competition and innovation should be celebrated not stifled**.

We are grateful for your consideration of these points and stand ready to assist the committee as you seek solutions that will benefit Kansas families and small businesses.

Very best regards,

A handwritten signature in black ink, appearing to read "Terry D. Holdren". The signature is fluid and cursive, with a long horizontal stroke extending to the left.

Terry D. Holdren
CEO & General Counsel